Supreme Court, U.S.
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No. 90-1966

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

LARRY HARMON PICTURES CORPORATION,
Petitioner,

v.

THE WILLIAMS RESTAURANT CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF IN OPPOSITION

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Gilson, Trademark Protection and Practice, Vol. 1, § 3.02[5] (1988) 11

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BRIEF IN OPPOSITION

STATEMENT OF THE CASE

This is a petition for certiorari from the Court of Appeals for the Federal Circuit's affirmance of a grant of summary judgment by the United States

Patent and Trademark Office Trademark Trial And Appeal Board, dismissing Harmon's opposition to the application for registration by Williams[1] of the service mark BOZO'S for restaurant services. The court of appeals affirmed the Board's holding on the sole issue raised by the opposition, finding that Williams satisfied the use in commerce requirement of Section 3 of the Lanham Act, as a single location restaurant rendering services to interstate travelers. Harmon had argued on appeal that the use in commerce requirement of Section 3 could not be satisfied by a single-location restaurant, such as BOZO'S. The court of appeals specifically declined to circumscribe

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[1] Pursuant to Rule 29.1, Williams has no parent companies, subsidiaries or affiliates.

the statute in the manner urged by Harmon. A-9.

The undisputed facts are amply set forth in the opinion of the court of appeals appearing at A-4 through A-5.

REASONS FOR DENYING THE PETITION

I. Harmon Has Completely Failed to Establish Sufficient Reasons for this Court to Review the Ruling of the Court of Appeals for the Federal Circuit in this Case.

The petition for certiorari should be denied because it fails to set forth sufficient reasons for allowance of the writ. A review on writ of certiorari is not a matter of right, but of judicial discretion and will be granted only where there are special and important reasons therefor.

A. This Case Does Not Present Any of the Traditional Conflicts Justifying this Court's Review.

The basis of Harmon's petition falls under none of the illustrative reasons set forth in Supreme Court Rule 10. As Harmon acknowledges at page 9 of its petition, there is no conflict between circuits here, as is apparent from the history of the case, nor is there a conflict between a court of appeals and state court, nor does it involve a departure from the usual course of proceedings by an appellate court. The case does not involve an unsettled question of federal law that should be settled by the Supreme Court, nor does it present a federal question in a way that conflicts with applicable decisions of this Court as demonstrated herein.

B. Harmon's Assertion that this Case Is Ripe for Review Fails to Recognize that the Interest of One Litigant Does Not Justify Review by this Court.

It is difficult to determine with any certainty upon what basis Harmon urges that this case is ripe for review by the Court. Harmon's assertion at p. 9 of its petition that the "petition is significant" is unsupported. Harmon appears to be arguing that the petition is significant and therefore that the Court should review this case because the court of appeals' construction of the term "commerce" as defined in the Lanham Act, in accord with past decisions of that court, differs from Harmon's own interpretation of the term and has thwarted Harmon's nearly ten year quest to prevent Williams from securing a federal trademark registration. Clearly there must be more at stake than the

impact of the appellate court's affirmance of the trial court's summary judgment in favor of one litigant to elevate a particular issue to such national and great judicial importance as to justify review by this Court.

II. Contrary to Harmon's Assertions, the Decisions of the Court of Appeals for the Federal Circuit on this Issue Have Consistently Held that the Lanham Act Covers All Commerce Regulated by Congress.

It has been the law since 1964, when the 1964 Civil Rights Act was enacted and when the decision was rendered by the Supreme Court in Heart of Atlanta Motel v. United States, 379 U.S. 241 (1964), that services performed in one state to interstate travelers are rendered in commerce regulable by Congress within the power granted Congress by the commerce clause of the

Constitution. The United States Court of Customs and Patent Appeals (predecessor to the Court of Appeals for the Federal Circuit) ruled, also in 1964 in In re Gastown, Inc., 326 F.2d 780 (C.C.P.A. 1964), that a local auto service station which rendered services only in the state of Ohio was rendering its services in commerce because the services were provided to many customers who traveled across state lines. The Trademark Trial and Appeal Board caught up with the new reasoning in 1967 in In re Smith Oil, 156 U.S.P.Q. 62 (T.T.A.B. 1967), when it ruled that a local restaurant serving interstate travelers may obtain federal registration of its service mark since its services were rendered in commerce. As recently as 1983, the Trademark Trial and Appeal Board reaffirmed that restaurants are recognized as places of

public accommodation and when serving food to interstate travelers are engaged in commerce which may lawfully be regulated by Congress. In re Conti, 220 U.S.P.Q. 745 (T.T.A.B. 1983).

The Court of Customs and Patent Appeals has unequivocally held that the definition of commerce in the Lanham Act means exactly what the statute says, i.e., all commerce which may lawfully be regulated by Congress. In re Silenus Wines, Inc., 557 F.2d 806 (C.C.P.A. 1977). Since the Act contains a clear and unambiguous definition of federal trademark jurisdiction, it is improper to consider extrinsic sources like legislative history to raise ambiguities. The Lanham Act by its terms extends to all commerce which Congress may regulate, and therefore the Court of Appeals for the Federal Circuit

held that it does not have the power to narrow or restrict the unambiguous language of the statute. A-17 through A-18.

The Court of Appeals for the Federal Circuit found that it was established that the BOZO'S mark has been used in connection with services rendered to customers traveling across state boundaries and that it is not required that such services be rendered in more than one state to satisfy the use in commerce requirement, citing Gastown, 326 F.2d at 782; Smith Oil, 156 U.S.P.Q. at 63; and 1 J. McCarthy, Trademarks and Unfair Competition, § 19.36[c] at page 960 (2d ed. 1984).

Thus, there has been a continuity of thought in the Court of Appeals for the Federal Circuit and its predecessor court, the Court of Customs and Patent

Appeals, for nearly thirty years on the meaning of use in "commerce" under the Lanham Act. Contrary to Harmon's assertions, the past 45 years since enactment of the Lanham Act have not been rife with contradictory decisions on this issue.

The only case proffered by Harmon in support of its attempt to circumvent the express definition of "commerce" set forth in the Lanham Act is In re Application of Bookbinder's Restaurant, 240 F.2d 365 (C.C.P.A. 1957)[2], which is now uniformly recognized as representing the "older, now obsolete, rule" which was "distinguished away" by the C.C.P.A.

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[2]In Bookbinder's the C.C.P.A. held that services rendered by a single location restaurant were not rendered "in commerce;" customers traveling in interstate commerce did not have a sufficiently direct effect on interstate commerce.

in the 1964 Gastown case. See McCarthy, supra, § 19:36[c] at 959; accord Gilson, Trademark Protection and Practice, Vol. 1, § 3.02[5] at 3-39 through 41 (1988).

III. The Petition Contains Numerous Misstatements of Fact and Law.

A. The Petition Misrepresents the Holding of the Trademark Trial and Appeal Board.

The petition states at page 8 that the opposition was dismissed on "grounds that it was undisputed that any restaurant will serve at least a few interstate travelers and, 'on that basis alone,' the respondent satisfied the use in commerce requirement for federal registration of a mark," citing the Trademark Trial and Appeal Board's decision at page A-47. Actually the Trademark Trial and Appeal Board stated that there "is no dispute that BOZO'S

restaurant services are rendered to interstate travelers, and on this basis alone, applicant has satisfied the use in commerce requirement of Section 3."

B. The Petition Misrepresents the Holding of the Court of Appeals for the Federal Circuit.

The petition states at page 8 that "[t]he basis for the affirmance was that the Lanham Act allegedly allows registration of all businesses falling within the federal commerce power and that the local restaurant here clearly falls within that power. A-19." There is no such statement at A-19. Here, the court of appeals addressed the definition of commerce set forth in the Lanham Act, namely, all commerce which may lawfully be regulated by Congress, and expressly rejected Harmon's

contention that its suggested non-statutory limitations, i.e., location on an interstate highway, or 50% of the meals furnished to interstate travelers, or regular advertising in out-of-state media, should be imposed on the registration of a mark used by a single location restaurant. The court of appeals continued at A-19, noting that the record establishes that the BOZO'S mark has been used in connection with services rendered to customers traveling across state boundaries and concluding that it is not required that such services be rendered in more than one state to satisfy the use in commerce requirement.

C. Harmon Misstates the Positions of both the Court of Appeals for the Federal Circuit and the Trademark Trial and Appeal Board as Being Divided on the Issue of the Construction of the Use in Commerce Provision of the Lanham Act.

Contrary to the position taken by Harmon at page 10 of its petition, that the meaning of use in commerce as it applies to single location businesses has divided and perplexed the Court of Appeals for the Federal Circuit for decades, the cases on this issue in the court of appeals are not so divided so as to warrant Supreme Court review. The last decision of its predecessor court on the issue in 1964 in the Gastown case was followed by the Court of Appeals for the Federal Circuit in affirming the summary judgment entered by the board below in this case.

Upon close analysis the Trademark Trial and Appeal Board cases following Gastown have not been "hopelessly contradictory" as the petition states at page 12. With the exception of some dicta in the 1978 In re U.S. Homes Corp. of Texas, 201 U.S.P.Q. 602 (T.T.A.B. 1978), other cases such as In re Conti, 220 U.S.P.Q. 745 (T.T.A.B. 1983), United States Shoe Corp. v. J. Riggs West, 221 U.S.P.Q. 1020 (T.T.A.B. 1984), and Bonaventure Associates v. Westin Hotel Co., 218 U.S.P.Q. 537 (T.T.A.B. 1983), have acknowledged the Gastown tradition. Even U.S. Homes can be reconciled based upon its unique facts.[3] Thus, despite

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[3]In U.S. Homes the T.T.A.B. found use of a mark for planning and laying out residential communities and sale of real estate did not constitute use in commerce, distinguishing purely local real estate services from the restaurant services in Smith Oil, supra.

the fact that Appellate Judge Newman dissented, this issue is not ripe for review by the Supreme Court. Far from Harmon's characterizations of the last 45 years of history of the Lanham Act as being fraught with many contradictory decisions on this issue, during these past years since the enactment of the 1964 Civil Rights Act, the Supreme Court's ruling in Heart of Atlanta Motel and the Court of Customs and Patent Appeals' Gastown decision, the Trademark Trial and Appeal Board has exhibited a steady recognition of the extent of the reach of the Lanham Act over the use of marks in commerce.[4]

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[4]See McCarthy, supra, at p. 959: ". . . Patent and Trademark Office definition of interstate commerce has considerably broadened over the years."

D. The Petition Misstates the Law by Stating that the Court of Appeals Held that Every Purely Local Service Business is Entitled to Registration.

The petition misstates the Court of Appeals for the Federal Circuit's holding when it states at page 13:

> It held the Court of Appeals did 'not have the power' to interpret the statute as making any local businesses that Congress can regulate under the Commerce Clause (based on its effects on commerce) ineligible for federal registration. Thus, the majority held in effect that every purely local service business was entitled to a nation-wide federal registration of its service mark. A-21.

Actually, the statement of the Court of Appeals for the Federal Circuit at page A-21 was expressly limited to single-location restaurants. It stated, "We therefore reject Harmon's argument that a certain increased threshold level of interstate activity is required

before registration of the mark used by a single-location restaurant may be granted." The court of appeals found that the Lanham Act by its terms extends to all commerce which Congress may regulate and continued, "This court does not have the power to narrow or restrict the unambiguous language of the statute."

E. Harmon's Argument that the Supreme Court Has Already Established that Statutory Use of the Phrase "In Commerce" as Distinct from "Affecting Commerce" Controls the Construction of Use in Commerce Under the Lanham Act Is a Misstatement of Law.

Harmon states at page 15 that this Court has held repeatedly that the phrase "in commerce," as distinct from "affecting commerce," shows an intent by Congress not to legislate to the outer limits of Congressional power under the commerce clause and to leave small,

local businesses outside the coverage of the federal statute concerned, citing two Supreme Court cases, FTC v. Bunte Bros., 312 U.S. 349 (1941), dealing with the Federal Trade Commission Act and United States v. American Building Maintenance Industries, 442 U.S. 271 (1975), dealing with the Clayton Act. Actually, both of these Acts contain specific definitions of "commerce" as commerce among the several States or with foreign nations, or with any Territory, or between these entities.[5] Thus both

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[5]Title 15 U.S.C. § 44, of the FTC Act provides:

> 'Commerce' means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or

the FTC and the Clayton Acts themselves define "commerce" more restrictively than the Lanham Act, making this argument incorrect and disingenuous.

Territory or foreign nation.

Title 15 U.S.C. § 12(a) of the Clayton Act provides:

> 'Commerce' as used herein, means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States: Provided, That nothing in this Act contained shall apply to the Philippine Islands.

F. Harmon's Argument that Section 1(a)(1)(A) of the Lanham Act Is Further Support for the View that Congress Did Not Intend All Local Use of a Mark to Be Use in Commerce Misconstrues the Lanham Act.

At page 17, footnote 5, the petition states that further support for the view that Congress did not intend all local use of a mark to be "use in commerce," even if it affects commerce, is found in the Lanham Act, citing Section 1(a)(1)(A), 15 U.S.C. § 1051 (a)(1)(A), namely the requirement that an applicant set forth not only the date of first use but also the date of first use "in commerce," concluding that this implies that Congress contemplated that some use is so local as not to constitute "use in commerce." This statement reflects Harmon's untenable position that if one accepts the premise that a single location restaurant serving

interstate travelers is rendering its services "in commerce," purely local services cease to exist, thus entitling any service to federal registration of its mark. Neither the Trademark Trial and Appeal Board nor the Court of Appeals for the Federal Circuit have construed the use in commerce requirement of the Lanham Act as being satisfied by any use; neither court has taken the position that there is no distinction, factually or legally, between purely local use of a mark that does not rise to the level of use in commerce and use that does.

G. The Petition Incorrectly Characterizes the Denial of Certiorari as Having Grave Effects on the Balance of Federal/State Power.

At page 18, the petition states that denying certiorari would have "grave effects on the balance of

federal/state power and on the right of persons engaged in purely local activities to be free of interference from the federal bureaucracy." This is clearly not the case. Denial of certiorari would simply leave the law where it is and has been since 1964, that is, continuing to treat single location restaurants serving interstate travelers as rendering services in commerce for purposes of obtaining federal registrations for their marks. The Court of Appeals for the Federal Circuit decision made no new law, and a denial of certiorari has no value as precedent.

H. Harmon Improperly Invokes Legislative History in Its Effort to Avoid the Express Provisions of the Lanham Act.

Harmon argues at page 5 of its petition that it was the intent of

Congress in setting up the federal trademark system to provide for marks used nationally, not purely locally, leaving local businesses outside the federal trademark system. The colloquy of Senator Pepper and others during the 1944 hearings on enactment of the Lanham Act are beside the point, where, as here, the law as actually enacted provides a clear and unambiguous definition of federal trademark jurisdiction. With unambiguous language in a statute, it is improper to consider extrinsic sources like legislative history to raise ambiguities. See Silenus Wines, 557 F.2d at 810-11, as cited by the Court of Appeals for the Federal Circuit below at A-18.

As stated previously, since the Lanham Act by its terms extends to all commerce which Congress may regulate,

the Court of Appeals for the Federal Circuit properly held that it does not have the power to narrow or restrict the unambiguous language of the statute. See page A-18.

I. Harmon's Policy Argument Against Strict Construction of the Lanham Act is Entitled to No Consideration.

The petition also sets forth a policy argument regarding the overcrowding of the federal trademark register to support its argument that local businesses should not be entitled to federal registrations. The mere fact that Congress has recently enacted the Trademark Law Revision Act of 1988, establishing the intent-to-use basis for filing applications to federally register trademarks even before they are used, shows that, far from restricting the growth of trademark applicants,

Congress is encouraging the filing of new applications. This reality refutes Harmon's policy argument. Moreover, there is no factual support in the record for the allegations of the impact of the alleged "over-crowding" of the register, but simply attorney argument.

J. The Petition Incorrectly Attempts to Differentiate Services from Goods.

At page 28, the petition states that restaurant services differ from products in that the entire process happens in a single location in a single state and such services are not transportable in commerce and cannot be rendered remotely. Not only does this argument completely ignore the dictates of 15 U.S.C. § 1053(3) that service marks shall be registrable in the same manner and with the same effect as trademarks, this argument simply misses the point.

What a restaurant seeks to protect is its name and goodwill, its reputation, which can travel, through the media and through word of mouth, literally anywhere. If a single location restaurant has a reputation that extends throughout a multi-state area, to propose that its protection should stop at the state line of the state within which it is located would unjustifiably prevent it from benefitting from the advantages of federal registration when seeking to enforce its rights to prevent confusion to the public.

K. Harmon's Petition Actually Argues for a Change in Legislation.

During the opposition proceeding between the parties before the Trademark Trial and Appeal Board and again during Harmon's appeal of the summary dismissal of that proceeding, Harmon twice failed

to persuade either tribunal to adopt its proposed non-statutory limitations on the right of single location restaurants to obtain federal trademark registrations.[6] Now in its third effort, Harmon has narrowed even further the class of restaurants that would qualify for federal registration in the argument set forth at pages 26 through 31 of the petition. Under Harmon's most recent formulation, only restaurants with locations in more than one state are to be permitted to secure federal trademark registrations, a standard that harkens

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[6]Harmon had unsuccessfully argued for the adoption of a rule that in order for a single location restaurant to qualify as rendering services in commerce, thus entitling it to federal registration of its service mark, it must: be located on an interstate highway, or furnish 50% of its meals to interstate travelers, or have regular advertising in out-of-state media.

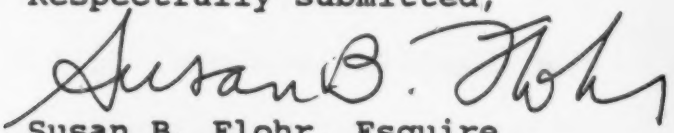
back to 1957 before the Bookbinder's ruling was discarded. At page 29, Harmon argues for a finding that "a local, single-location restaurant (and other similar service establishments, such as hair salons, dry cleaners, newsstands and shoe repair shops) fall outside the Lanham Act rationale of assuring uniform national treatment of a mark."

Review of this case by the Supreme Court is not the proper vehicle for Harmon to attain its goal of changing the law, which can only be addressed through the legislative process.

CONCLUSION

For the foregoing reasons, Williams respectfully requests that the petition for writ of certiorari be denied.

Respectfully submitted,



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